

Testimony Submitted to the Human Services Committee:

Submitted By: Ronald C. Fleming, Ph.D., LCSW

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Raised H.B. No. 5500:

'An Act Concerning Provider Audits Under the Medicaid Program'

Senator Slossberg, Representative Abercrombie, and distinguished members of the Human Services Committee: I appreciate the opportunity to provide testimony regarding these important issues. My name is Ronald C. Fleming, Ph.D., LCSW, President & CEO of Alcohol & Drug Recovery Centers, Inc. [ADRC]. ADRC has been continuously serving persons with substance use disorders in the Greater Hartford region since 1973. ADRC provides services to several thousand citizens of the state each year.

We urge passage of HB. No. 5500 and have a few additional recommendations as outlined below.

We believe all of the following elements of the raised bill are important to providers and represent a fair approach to the need for accountability:

- * The proposed requirement for the DSS to provide 'free training for new providers on how to enter claims to avoid clerical errors.' (Section 1b). The lack of offered training on these, at times, complex systems needs to be addressed.
- * The limitation of scope to information necessary to support claims only. (Section 1c).
- * The proposed requirement for the DSS to reexamine the extrapolation process and the process to establish which provider would be subject to an audit as follows '... only perform an extrapolation of claims based on a sample of like claims and shall not perform such extrapolation based on the entire number of claims billed by any one provider (section 1d). Over extending findings can generate significant hardship for providers.
- * In determining which providers shall be subject to an audit, the department shall direct its efforts first to providers with a higher compliance risk based on past audits or errors.(section 1d)
- * The proposed shift in policy that would prevent the DSS from issuing payment to a contractor performing a provider audit '...on the basis of the amount of overpayment by the Medicaid program to the provider as determined by the provider audit.' (section 1e)

In addition, we respectfully submit the following recommendations related to the proposed legislation:

- * Streamlined process to increase efficiencies: Since the process described is that of an 'audit' as opposed to an 'investigation,' it would behoove all parties to provide at least a portion of the targeted information to be audited, in advance of the actual audit. A great deal of time and resources are lost (on both sides) due to the need for provider

agencies to gather requested information while DSS auditors are present. The amount of time and resources spent both a) for a provider to interrupt operations and dedicate an increased number of staff to the process at one time, and b) for DSS auditors to literally wait while agency staff gather the required information (which may be a period of several hours – if not days) cannot be overstated. The inefficiency in this process as it currently stands invariably has a great impact on the anticipated 'Cost Savings' of the outcome.

- * Consequences that are appropriate to any identified discrepancies/concerns: We recommend that there is a need for clear distinction between clerical errors and fraudulent documentation. It would stand to reason that there would be necessary 'penalties' for fraudulent documentation. However, in situations where there has clearly been an error that is clerical in nature, we propose that there would be a 'penalty' with an established 'ceiling.' As this is the first round of audits on a relatively new system of payment, it is recommended that the audits should be corrective in nature and not punitive. These agencies are almost fully funded by the State and funds necessary to repay audit findings will likely result in cuts to client care needs.

Operating as we do, with scarce resources and rates that often fail to fully cover the true cost of care, it is vital to establish a system which offers a more appropriate balance while managing accountability. We also feel it is important to recognize that the vast majority of providers are working very hard to be in compliance with applicable regulations, thus an approach less based on a punitive and more on a partnership approach is indicated [consider the model of the Behavioral Health Partnership – which has improved care and saved money].

Thank you again for your time and consideration. Please do not hesitate to contact me with any questions, or for additional information.

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